

From: John Davis [SBIR@sbir.us]
Sent: Sunday, April 03, 2005 3:23 PM
To: restructure.sizestandards@sba.gov; rick@zyn.com; info@sbtc.org
Subject: RE: RIN 3245-ZA02

Reference: RIN 3245-ZA02

Dear US Small Business Administration Rule Makers:

I have tried to stay out of this because, as a consultant, I can clearly make more money if the VC's, and other large entities are allowed to own SBIR/STTR applicant firms. However, at these last minutes before your comment time closes, I find my conscience taking control must now offer my firmly held opinion.

As the leading provider of resources to the SBIR community since 1993, the SBIR Resource Center(R) (<http://sbir.us>) helps literally hundreds of small firms every year to pursue and win SBIR and STTR awards at every agency. Few consultants/firms can boast such a broad overview of the population of SBIR/STTR applicants. One of the things this view has taught us is that a large portion of the ideas being proposed would simply have no other outlet. They are very much too early stage to attract investor money; in fact, the potential feasibility of many are so in question that even the inventors themselves would not spend personal funds on these ideas, even if they had such funds available. The only way some of these "cockamamie" yet potentially powerful ideas would ever come to light is through SBIR/STTR funding -- practiced the way it has been since 1982. Over the years we seem to have lost the oft quoted saying

"SBIR bridges the gap between concept and venture capital".

It used to be common to hear that in the SBIR community. I think it probably should still be heard.

The intent of these programs has not changed, even if some of the people surrounding it have. The program was always intended to help those with NO OTHER RESOURCES to get a fair hearing and a reasonable chance to make their ideas come to fruition. There is virtually NO OTHER reasonable source of financing for such projects. If a firm can attract enough venture capital, or other owners with big company like resources, then they are clearly beyond this stage of corporate & technology

development.

[In or SBIR workshops (more than 80 presented since 1996) we always get a worried reaction when the attendees learn that firms of up to 500 employees can apply -- imagine how they will react if those firms can be owned by VCs and other larger entities.]

This is a situation of the SBA being asked to steal from the poor to give to the rich. Anyone who supports such a thing . . . well I suppose it is better to just leave that statement unfinished. As for the recently heard saying that one is "un-American to oppose VC ownership of SBIR firms", that is simply spinning lies to serve the sayer's greed. If anything, stealing from the poor would be "un-American".

I cannot blame the bio-tech lobby for trying; I'm sure I would look enviously on SBIR/STTR too, if I were them. Just look at the track record. The SBIR/STTR programs are quite powerful and have, in the past, boasted a large number of impressive success stories. As an economic development program they really have no peer. If one wanted to change that solid situation, then I'd say change the programs. I for one do not want to see that changed and must, therefore, ask the Government to decline the request from the VC lobby to make the proposed detrimental changes.

I suppose I could loose a number of customers over this, but I feel relieved that I have finally stepped up to the plate and done the right thing. I look forward to an early decision to preserve the SBIR/STTR programs as economic development support for the little guys with the big ideas, as it was originally inteded.

Thank you.

John Davis, General Manager

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